

The Gazette of India



EXTRAORDINARY

PART I—Section 1

PUBLISHED BY AUTHORITY

No. 105] NEW DELHI, THURSDAY, NOVEMBER 1, 1956

MINISTRY OF COMMERCE & CONSUMER INDUSTRIES

RESOLUTION

New Delhi, the 1st November, 1956

No. 40-Export(7)/56.—The Government of India by their notification No. 2(24) Jute/53 dated the 29th October, 1953, applied section 17 of the Forward Contracts (Regulation) Act, 1952, to raw jute throughout India. The effect of the notification was that all forward contracts other than non-transferable specific delivery contracts in raw jute became illegal. The notification was subsequently amended by Notification S.R.O. No. 733 dated the 23rd March, 1956, as a result of which forward contracts for the sale or purchase of raw jute which required (i) that delivery shall be given or taken at the jetty or railway siding of a jute mill and (ii) that, during transit, the raw jute shall be insured by one of the parties to the contract, were permitted. In jute goods, futures contracts have been prohibited under the West Bengal Jute Goods Act, 1950, in the State of West Bengal, and all forward contracts have been free elsewhere in the country.

2. The Forward Markets Commission has now considered the applications for recognition received from the concerned associations and submitted its report on the establishment of forward markets in raw jute and jute goods. The Commission has recommended as follows:—

- (i) Section 15 of the Forward Contracts (Regulation) Act, be applied to raw jute and jute goods within the city of Calcutta.
- (ii) Section 17 of the Forward Contracts (Regulation) Act, continue to be applied to the whole of India in respect of raw jute as at present, except in the city of Calcutta.
- (iii) Section 17 of the Forward Contracts (Regulation) Act be applied to the whole of India in respect of jute goods, except in the city of Calcutta.
- (iv) The East India Jute and Hessian Exchange Ltd., Calcutta, be recognised under Section 6 of the Forward Contracts (Regulation) Act in respect of all varieties of raw jute and jute goods for a period of three years. The Exchange should conduct trading in futures contracts as well as in transferable specific delivery contracts.
- (v) The grant of recognition to the East India Jute and Hessian Exchange Ltd., be conditional upon its previously adopting the Articles of Association and Bye-laws evolved by the *Ad Hoc* Sub-Committee of the Indian Jute Mills Association and proposed by itself, subject to such

modifications as may be suggested by the Commission, and completing all preliminaries necessary for commencing trading to its satisfaction. The Exchange should in particular finalize all arrangements in respect of the smooth functioning of transferable specific delivery contracts under its auspices before recognition is granted, so that there should be no dislocation of trade.

- (vi) The notification applying Section 15 of the Act to raw jute and jute goods and the notification granting recognition to the East India Jute and Hessian Exchange Ltd., be issued simultaneously.
- (vii) Notifications be issued under Section 18(2) of the Forward Contracts (Regulation) Act, exempting all transferable specific delivery contracts in raw jute and jute goods entered into in the I.J.M.A. forms prior to the application of Section 15 of the Act, for a period of three months in respect of raw jute and nine months in respect of jute goods. This will ensure that the contracts already entered into prior to regulation will continue to be valid till their normal date of maturity and will not have to be closed out.

2. The Government of India have accepted the recommendations of the Commission with the modification that transferable specific delivery contracts in raw jute and jute goods entered into in the I.J.M.A. forms should be exempted from regulation by the issue of notifications under Section 18(2) of the Act not only in the case of such contracts entered into prior to the date on which Section 15 of the Act will become applicable but also in the case of such contracts entered into subsequently for a period of six months from that date.

ORDER

Ordered that a copy of this Resolution be communicated to all concerned and that it be published in the Gazette of India.

S. RANGANATHAN, Secy.